

# News

United States  
Department  
of Labor



Bureau of Labor Statistics

Boston, MA 02203

Internet address: <http://www.bls.gov/rolnews.htm>

USDL-01-112

Information: (617) 565-2327

For release: Thursday,

Media contact: (617) 565-2331

July 19, 2001

Fax-on-demand: (617) 565-9167; code 9650

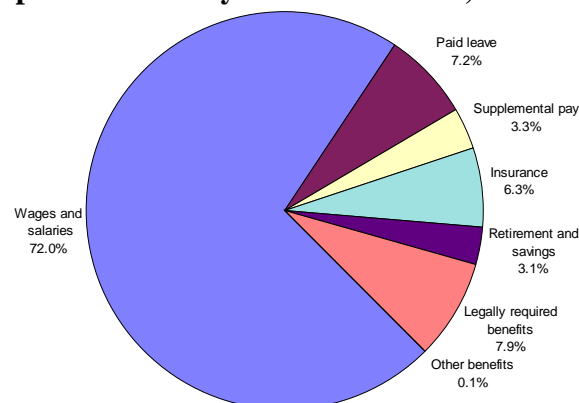
## **Employer Costs For Employee Compensation In The Northeast Region, March 2001**

Employer costs for employee compensation (ECEC) in private industry in the Northeast averaged \$23.91 per hour worked in March 2001, according to data released by the U.S. Department of Labor's Bureau of Labor Statistics. Regional Commissioner Denis M. McSweeney reported that compensation costs averaged \$18.59 in the South, \$20.47 in the Midwest, and \$21.86 in the West. Compensation for private industry workers in the U.S. was \$20.81 per hour.

Wages and salaries in the Northeast averaged \$17.22, representing 72.0 percent of total compensation costs. The national average for wages and salaries was \$15.18, which accounted for 72.9 percent of all compensation costs. Among other regions, average wage costs were \$13.71 in the South, \$14.69 in the Midwest, and \$16.19 per hour in the West.

The proportion of compensation costs paid for benefits was 28.0 in the Northeast, virtually the same as the 28.2 percent share in the Midwest. Benefit cost shares averaged 26.3 percent in the South and 25.9 percent in the West. Nationally, the benefit proportion accounted for 27.1 percent of total compensation costs.

**Chart 1: Relative importance of employer costs for employee compensation  
for private industry in the Northeast, March 2001**



Benefit costs averaged \$6.69 per hour in the Northeast. Legally required benefits, including Social Security, workers' compensation, and unemployment insurance, was the largest non-wage employer cost at \$1.90 per hour worked, representing slightly less than 30 percent of total benefits. Other important benefit categories and their average hourly costs were: paid leave, \$1.73; insurance, \$1.50; supplemental pay, 78 cents; and retirement and savings, 74 cents per hour.

## **EXPLANATORY NOTES**

Employer costs for employee compensation is a measure of the average cost per employee hour worked to employers for wages and salaries and benefits. Employer costs for employee compensation covers all occupations in private industry, excluding farms and households. These cost levels are published annually and are based on compensation cost data for the payroll period that includes March 12<sup>th</sup> as the reference period. The March 2001 levels of employer costs for employee compensation were calculated using March 2001 employment counts from the Bureau of Labor Statistics' Current Employment Statistics (CES) program, benchmarked to the 2000 universe of all private nonfarm establishments.

Wages and salaries are defined as the hourly straight-time wage rate, or for workers not paid on an hourly basis, straight-time earnings divided by the corresponding hours. Straight-time wage and salary rates are total earnings before payroll deductions, excluding premium pay for overtime and for work on weekends and holidays, shift differentials, nonproduction bonuses, and lump-sum payments provided in lieu of wage increases. Production bonuses, incentive earnings, commission payments, and cost-of-living adjustments are included in straight-time wage and salary rates.

Benefits covered are: paid leave--vacations, holidays, sick leave, and other leave; supplemental pay--premium pay for work outside the regular work schedule (such as overtime, weekends and holidays), shift differentials, nonproduction bonuses (e.g., referral bonuses), and lump-sum payments provided in lieu of wage increases; insurance benefits--life, health, short-term disability, and long-term disability insurance; retirement and savings benefits--defined benefit and defined contribution plans; legally required benefits--Social Security (OASDI and Medicare), Federal and State unemployment insurance, and Workers' Compensation; and other benefits--severance pay and supplemental unemployment plans.

In June 2000, the Bureau of Labor Statistics expanded the definition of nonproduction bonuses to better represent the compensation packages offered to employees. The March 2001 ECEC includes, in addition to the traditional types of nonproduction bonuses such as attendance bonuses and lump sum payments, hiring and referral bonuses. Hiring bonuses are payments made by the employer to induce an individual to accept employment; referral bonuses are made by the employer to the employee for recommending an applicant who is hired by the establishment.

**Table 1. Employer costs per hour worked for employee compensation and costs as a percent of total compensation, private industry, U.S. and regions<sup>1</sup>, March 2001**

Compensation component	United States		Northeast		South		Midwest		West	
	Cost	Percent	Cost	Percent	Cost	Percent	Cost	Percent	Cost	Percent
Total compensation	20.81	100.0	23.91	100.0	18.59	100.0	20.47	100.0	21.86	100.0
Wages and salaries	15.18	72.9	17.22	72.0	13.71	73.7	14.69	71.8	16.19	74.1
Total benefits	5.63	27.1	6.69	28.0	4.89	26.3	5.78	28.2	5.67	25.9
Paid leave	1.37	6.6	1.73	7.2	1.17	6.3	1.33	6.5	1.41	6.5
Vacation	0.68	3.3	0.86	3.6	0.58	3.1	0.66	3.2	0.69	3.2
Holiday	0.47	2.3	0.58	2.4	0.40	2.2	0.46	2.2	0.49	2.2
Sick	0.17	0.8	0.22	0.9	0.14	0.8	0.15	0.7	0.19	0.9
Other	0.06	0.3	0.07	0.3	0.05	0.3	0.07	0.3	0.04	0.2
Supplemental pay	0.61	2.9	0.78	3.3	0.48	2.6	0.75	3.7	0.52	2.4
Premium <sup>2</sup>	0.24	1.2	0.21	0.9	0.22	1.2	0.30	1.5	0.22	1.0
Shift differential	0.05	0.2	0.06	0.3	0.04	0.2	0.08	0.4	0.04	0.2
Nonproduction bonuses	0.32	1.5	0.52	2.2	0.22	1.2	0.37	1.8	0.26	1.2
Insurance	1.28	6.2	1.50	6.3	1.16	6.2	1.35	6.6	1.19	5.4
Life	0.05	0.2	0.05	0.2	0.04	0.2	0.05	0.2	0.04	0.2
Health	1.16	5.6	1.37	5.7	1.05	5.6	1.22	6.0	1.09	5.0
Short-term disability <sup>3</sup>	0.04	0.2	0.05	0.2	0.03	0.2	0.04	0.2	0.03	0.1
Long-term disability	0.03	0.1	0.03	0.1	0.03	0.2	0.03	0.1	0.03	0.1
Retirement and savings	0.62	3.0	0.74	3.1	0.51	2.7	0.63	3.1	0.66	3.0
Defined benefit	0.21	1.0	0.24	1.0	0.16	0.9	0.27	1.3	0.21	1.0
Defined contribution	0.40	1.9	0.50	2.1	0.34	1.8	0.37	1.8	0.45	2.1
Legally required benefits	1.73	8.3	1.90	7.9	1.55	8.3	1.69	8.3	1.87	8.6
Social Security <sup>4</sup>	1.26	6.1	1.41	5.9	1.15	6.2	1.24	6.1	1.34	6.1
OASDI	1.02	4.9	1.13	4.7	0.93	5.0	0.99	4.8	1.07	4.9
Medicare	0.25	1.2	0.28	1.2	0.22	1.2	0.24	1.2	0.26	1.2
Federal unemployment insurance	0.03	0.1	0.03	0.1	0.03	0.2	0.03	0.1	0.03	0.1
State unemployment insurance	0.09	0.4	0.14	0.6	0.06	0.3	0.08	0.4	0.11	0.5
Workers' compensation	0.33	1.6	0.32	1.3	0.31	1.7	0.34	1.7	0.39	1.8
Other benefits <sup>5</sup>	0.02	0.1	0.03	0.1	0.02	0.1	0.03	0.1	( <sup>*5</sup> )	( <sup>*6</sup> )

<sup>1</sup> The regional coverage is as follows: Northeast - Connecticut, Maine, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, and Vermont; South - Alabama, Arkansas, Delaware, District of Columbia, Florida, Georgia, Kentucky, Louisiana, Maryland, Mississippi, North Carolina, Oklahoma, South Carolina, Tennessee, Texas, Virginia, and West Virginia; Midwest - Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, South Dakota, and Wisconsin; and West - Alaska, Arizona, California, Colorado, Hawaii, Idaho, Montana, Nevada, New Mexico, Oregon, Utah, Washington, and Wyoming.

<sup>2</sup> Includes premium pay for work in addition to the regular work schedule (such as overtime, weekends, and holidays).

<sup>3</sup> Short-term disability (previously, sickness and accident insurance) includes all insured, self-insured, and state-mandated plans that provide benefits for each disability, including unfunded plans.

<sup>4</sup> The total employer's cost for Social Security is comprised of an OASDI portion and a Medicare portion. OASDI is the abbreviation for Old-Age, Survivors, and Disability Insurance.

<sup>5</sup> Includes severance pay and supplemental unemployment benefits.

<sup>6</sup> Less than .05 percent.

Note: The sum of individual items may not equal totals due to rounding.